

# Briefly | Africa

## SA milk processing an oligopoly

A South African government report has described the milk processing market as an oligopoly, saying four dairy firms process between 74% and 78% of all delivered milk.

Oligopoly is a market condition that exists when there are few sellers and as a result, they can greatly influence price and other market factors. *The Food Cost Review 2006*, published by the National Agricultural Marketing Council (NAMC) and the Department of Agriculture, comes at a time when the Competition Commission is investigating anti-competitive behaviour by major dairy companies.

The NAMC's Johann Kristen said recently that the four dominant processors were Clover, Parmalat, DairyBelle and Woodlands Dairy. By way of contrast, the review said the dairy farming sector "existed at near perfect competition", resulting in farmers being "largely price takers" and "subject to perpetual cost price squeeze".

The review quotes Milk Producers' Organisation figures that claim that 285 dairy farmers left the industry between January 2006 and January 2007, leaving behind a total of 3 899 farmers. – *Business Day*

## Herd revival vital for exports

Zimbabwe has the potential to earn US\$65 million annually from dairy exports, if it resuscitates its dairy herd to previous levels, says Antony Mandiwanza, Dairibord Holdings CEO.

Speaking during a two-day national dairy symposium held in Harare recently, Mandiwanza said the country's dairy herd had dropped from a peak of 191 000 in 1990 to the current 33 000, resulting in a considerable decline in milk production.

He said annual milk production had plunged from 256 million litres in 1990 to 90 million litres at

present. He said there was a need to address issues of funding, training and availability of stock feeds for the dairy sector to rebound. – *The Herald*

## Premium for BEE dairy

Parmalat South Africa will pay an incentive premium to milk producers who meet specific empowerment targets as a means of encouraging farmers to actively participate in the transformation of the dairy sector.

Producers will receive a premium of 1c per litre for BEE scores of 355 or more and an additional 1c per litre premium for a score of more than 40%. Parmalat CEO, Theo Hendrickse, said this incentive plan is yet another move by the group to support milk producers in introducing black economic empowerment (BEE).

Last year the company introduced an industry first R6 million development fund. In conjunction with the Southern Africa Milk Co-operative (Samilco), Parmalat invited producers to participate in this fund with the development of BEE strategies for their farms and also provided free advice on compliance.

Milk producers will be required to undergo an annual empowerment audit to determine the incentive premium. From 2008, the premium will be 2c per litre for a BEE score of 40% or more. Parmalat aims to purchase 50% of its 2008 planned milk intake of 500 million litres from producers who have achieved this. – *Bizcommunity.com*

## Namibian dairy to go "super"

Namibia's dairy industry is set for greater heights as Namibia Dairies plans to establish a super dairy farm.

Namibia Dairies managing director, Desmond van Jaarsveld, said his company has embarked on an initiative to secure the future supply of the locally produced milk at competitive prices. The

move will also improve Namibia's international competitiveness by containing raw milk costs and enabling the industry to have economies of scale and modern technology.

A super farm is a large dairy farm with several hundred cows, using the most modern dairy technology to ensure optimal milk production, animal welfare and environmental awareness, as well as non-compromising hygiene and quality.

The price of milk in Namibia went up twice this year in April and July in a bid to save the industry from collapsing. Van Jaarsveld said his company commissioned a feasibility study to determine the viability of such an initiative whose findings supported the establishment of a super farm.

The farm will also strengthen the dairy industry which has for the past few years, gone through some turbulent times due to, among other things, unfair competition from other countries. The date for the establishment of the farm is still to be finalised.

Due to an increase in demand for long life milk, Namibia Dairies has doubled its production of UHT milk from 300 000 litres per month to 600 000 litres per month. Namibia has 17 dairy producers with a 1,8 million litre quota per month, who together have 2 920 cows. – *New Era*

### **Milk vendors warned**

Bright Rwamirama, Uganda's state minister for animal husbandry, recently cautioned milk vendors to stop selling unprocessed milk with added chemicals to consumers.

Rwamirama told the parliamentary agricultural committee that public health is a priority, hence the need for consumers to drink safe milk. The minister said that there was a problem within the Dairy Development Authority, which should be rectified immediately.

He urged the farmers to always clean their milk if they wanted to be assured of a market. "You can only market something that has value. If we are to export milk, we need to improve on our standards of production," he said.

Rwamirama advised farmers to use sealed stainless steel cans or refrigerators when transporting the milk from the farm to the collection centres.

The minister also ordered milk vendors to stop selling milk by the roadside. If the milk was infected with a cattle disease and it spilled onto the road, it would contribute to the spread of the disease.

Milk, like meat, should only be handled by licensed centres, he insisted, adding that they were soon coming up with a policy on the sale of unprocessed milk. – *New Vision*

### **SMSes for livestock dealing**

The Kenyan ministry of livestock and fisheries recently launched a countrywide short messaging service (SMS) and Internet service that will allow livestock traders and farmers to access daily information on selected markets countrywide.

The national livestock marketing and information system is aimed at improving access to market chains and provision of national market information to producers and traders in addressing the market inefficiencies.

The minister for livestock and fisheries, Joseph Munyao, said producers and traders want to know the prevailing prices in various markets so that they can make decisions that will enable them to get the best prices for their animals and animal products. – *The Nation*

### **Millions of Kenyan litres lost**

Kenya is losing 95 million litres of milk worth approximately US\$15 million annually, mainly due to poor handling and hygiene, Edwin Okila, African Breeder Service programme coordinator said. Okila attributed this loss to wastage in production, rejection by processors due to bacteria, and high cost of inputs.

He said poor feeding of milk-producing cattle due to limited pastures, is also curtailing production. Okila asked the Kenya Dairy Board to put in place measures that will require farmers to practise high hygienic standards when handling milk. – *The Nation DMA*